

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7021

BILL NUMBER: HB 1208

NOTE PREPARED: Jan 30, 2007

BILL AMENDED: Jan 29, 2007

SUBJECT: Tuition and Fee Remission for Veterans.

FIRST AUTHOR: Rep. Micon

FIRST SPONSOR: Sen. Delph

BILL STATUS: As Passed House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: *Tuition and Fees Exemption:* This bill exempts certain veterans from all tuition and fees at state educational institutions. The bill requires a veteran to provide proof that the veteran has attempted to obtain alternative financial aid before being awarded a tuition exemption.

Freedom of Choice Grants: It also provides that veterans and children of veterans who qualify for tuition exemptions at state universities but will attend private institutions of higher learning are entitled to freedom of choice grants.

National Guard Students: The bill provides that a student who: (1) is eligible for National Guard tuition assistance; and (2) serves at least one tour of active duty while a member of the National Guard; is entitled to have the student's eligibility for tuition assistance continue for an amount of time equal to the amount of the time the student spent on active duty after the student ceases to be a member of the National Guard.

Effective Date: July 1, 2007.

Explanation of State Expenditures: (Revised) *Tuition and Fees Exemption:* The bill exempts veterans who listed Indiana as their residence when they enlisted and suffered service-connected disability after September 10, 2001, and before the conclusion of the war on terror from all tuition and fees at state educational institutions. An eligible veteran must attempt to obtain alternative financial aid before being awarded a tuition exemption.

As of 2005 there were about 46,078, or 8.6%, of the approximately 534,000 Indiana veterans who received disability compensation. It is also estimated that between 20,000 and 30,000 persons have served in the military since September 10, 2001. The number of veterans could annually increase by 5,000 to 6,000 until

the war on terror ends. If about 8.6% of the veterans with service after September 10, 2001, suffered a disability, then between 1,720 and 2,580 veterans might qualify for these benefits. The number that might qualify could increase by 430 to 516 per year. It is unknown how many veterans would take advantage of this new program. The bill also requires the eligible veteran to provide proof that they have attempted to obtain alternative financial aid.

SSAC might require some additional resources to administer the program. SSAC would probably need some additional personnel and computer modifications to process and monitor the exemptions and grants.

Background Information: This program is similar to the fee remission program the State Student Assistance Commission (SSAC) administers for children and spouses of certain disabled or deceased veterans. For FY 2006, 5,063 individuals participated in the fee remission program, and the average cost to the state was \$3,1967 per student. SSAC projects the cost to increase by about 6% per year. The per student cost in the bill would be less since the cost is reduced by any program under federal law, National Guard Tuition Supplement Program, or other sources.

If 500 (or about 25%) of the potential eligible veterans attended a state educational institution under this new program with the average fee remission for FY 2008 of \$3,390, the total amount of fee remissions would be about \$1.7 M statewide.

Freedom of Choice Grants: The bill also makes the Freedom of Choice Grant available if the veteran attends a private school. The grant is not to exceed the average educational costs assessed at state educational institutions. The following table shows the number of grants and the dollar amount of the Freedom of Choice Grants. The availability of these grants are subject to appropriation levels.

Year	Students	Amount	Average Grant
2001	10,338	\$27,053,524	\$2,617
2002	10,665	\$28,053,624	\$2,630
2003	11,828	\$34,091,366	\$2,882
2004	11,861	\$37,883,504	\$3,194
2005	12,045	\$37,962,252	\$3,152
2006	11,856	\$41,505,550	\$3,501

National Guard Students: The bill would extend the length of time a member of the National Guard can receive the grant after they leave service by the amount of time they were on active duty. The bill might increase the number of grants. The following table gives the number of grants and dollar amount of the Indiana National Guard Supplemental Grant Program. For every additional 30 students that might be eligible for a grant of \$3,330 under the bill for FY 2008, the impact would be about \$100,000. These grants are subject to appropriation levels.

Year	Students	Amount	Average Grant
2001	503	\$1,026,094	\$2,040
2002	861	\$1,842,824	\$2,140
2003	923	\$2,214,787	\$2,400
2004	841	\$2,215,806	\$2,635
2005	780	\$2,120,394	\$2,718
2006	903	\$2,740,499	\$3,035

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Student Assistance Commission, State Universities and Colleges.

Local Agencies Affected:

Information Sources: State Student Assistance Commission budget submission, Tom Applegate from Indiana Department of Veteran Affairs.

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